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Ohio

For the complete text of Ohio statutes please refer to the [Ohio Revised Code](#), for other property tax information please refer to the Ohio Division of Forestry [Landowner Assistance section](#).

Property Classification:

Each separate parcel of real property shall be classified by the county auditor according to its principal, current use. When a parcel has multiple uses, the principal use is the use to which the greatest percentage of the value of the parcel is devoted. The "taxable value" of all real property may not exceed 35%.

For property tax purposes forest landowners have two programs that are available.

1. The [Ohio Forest Tax Law](#) (OFTL; Ohio Revised Code Sections 5713.22-.26) provides a 50% real estate tax reduction (i.e. the local tax rate is reduced by 50%) on forest land that is managed for the purpose of timber production, or
2. The [Current Agricultural Use Value](#) (CAUV) program (Ohio Revised Code Sections 5713.30-.38) which provides reduced real estate tax values based on the production capacity of the soil. In other words forest land is valued at a set rate per acre throughout the state.

A choice must be made between the two as only one tax reduction program can be used on a given parcel of land.

Current Agricultural Use Value (CAUV)

Land devoted exclusively to "agricultural use" means:

Tracts, lots, or parcels of land totaling not less than ten acres that, during the three calendar years prior to the year in which application is filed under section 5713.31 of the Revised Code, and through the last day of May of such year, were devoted exclusively to commercial animal or poultry husbandry, aquaculture, apiculture, ***the production for a commercial purpose of timber***, field crops, tobacco, fruits, vegetables, nursery stock, ornamental trees, sod, or flowers, ***or the growth of timber for a noncommercial purpose***, if the land on which the timber is grown is contiguous to or part of a parcel of land under common ownership that is otherwise devoted exclusively to agricultural use, or were devoted to and qualified for payments or other compensation under a land retirement or conservation program under an agreement with an agency of the federal government; (As amended by H.B. 281, Laws 1993, effective July 2, 1993, first applicable to tax year 1994

Requirements:

Each parcel of timber land must be 10 acres or more, or if less than 10 acres, average gross income must be \$2,500 per year for three years or an anticipated income of \$2,500 for the year of application.

If the parcel of timber is 10 acres or more, it is eligible if the land is devoted exclusively to the production of timber for a commercial purpose.

If the land is devoted exclusively to agriculture use, the timber grown may be for a noncommercial purpose.

There is a one-time application fee.

Current agricultural use value of land

The current agricultural use value of land devoted exclusively to agricultural use is the current market value or fair market value of the land. It is the price at which the property would change hands on the open market if the highest and best use were exclusively agricultural. Usually this value is highly dependent on the soil productivity of the property. The current agricultural use value is reduced by a percentage ordered by the Tax Commissioner.

Current agricultural use land value can be estimated by the capitalization of the typical net income from agricultural crops on a given parcel of land, assuming typical management, cropping patterns, and yields for the type of soil present on the tract. Values estimated by this method will closely approximate actual market values of farm land where the actual highest and best use is exclusively agricultural, unaffected by other uses.

Tax Reduction: The tax reduction is determined by the soil productivity of the land. As an example, most of the forest land around the state has a value set at \$70 per acre.

Example: (Based on 50 acres with a local tax rate of 50 mills)

Total value: $\$70 \times 50 \text{ acres} = \$3,500$

Taxable value: $\$3,500 \times 35\% = \$1,225$

Tax liability: $\$1,225 \times .050 = \61.25

Note: The property tax savings realized under this program is derived from the forest land being valued at a significantly reduced rate (\$70 in this example) rather than at full appraised value.

Term of Reduction: The owner must reapply annually. If the land use changes or if the landowner chooses not to continue the program, there is a recoupment penalty equal to the tax savings for the preceding three years.

How to Apply: Applications can be made for CAUV at your county auditor's office, in which the property is located, between the first Monday in January and the first Monday in March. For the three year update or the six-year reappraisal, the application period is extended to permit comparisons of CAUV values with the new appraisal values. There is an initial \$25 fee for CAUV.

Ohio Forest Tax Law (OFTL)

Forest land consists of any land bearing a stand of trees that has been determined by the division of forestry and reclamation to be suitable for such classification (Sec. 5713.22, Ohio R.C.).

Forest land is: Land for which the primary purpose is the growing, managing and harvesting of a forest product of commercial species under accepted silvicultural

systems through natural or artificial reforestation methods and for which there is an approved forest management plan. The forest land shall consist of a stand or stands of commercial species of forest trees which contain at least fifty square feet of basal area or at least three hundred stems per acre which shall be evenly distributed throughout the stand.

Requirements:

A minimum of 10 acres must be in forest land - homesite and other buildings excluded.

There is a one-time \$50 application fee.

To be considered forest land, there must be 10 acres of contiguous forest not less than 120' wide.

All forest land must be managed according to a forest stewardship management plan approved by the State Forester. The owner shall follow all provisions of the plan which may include commercial cutting.

Boundary lines must be visibly marked prior to examination.

Before the forest land can be certified, the owner must demonstrate the intent to engage in management by completing a prescribed forest practice.

Every five years the Division shall examine the forest to determine compliance with the Forest Stewardship Management Plan.

Tax Reduction: Forest land which the owner declares is devoted exclusively to forestry or timber growing and has been approved by the chief of the division of forestry is taxed annually at 50% of the local tax rate.

Example: (based on 50 acres with an appraised value of \$300/acre and a local tax rate of 50 mills)

Total value: $\$300 \times 50 \text{ acres} = \$15,000$

Taxable value: $\$15,000 \times 35\% = \$5,250$

Tax liability: $\$5,250 \times .025 = \131.25

Please Note: The 50% reduction is realized by reducing the local rate by 50% before calculating your tax liability.

Terms of Reduction: This is continuous unless the land use changes, ownership changes or the landowner withdraws from the program. There are no penalties for withdrawal.

How to Apply: Contact your local Service Forester to have the application and agreement forms sent to you. You will be required to provide a copy of your most recent tax bill and three photo copies of aerial photos of your property. These photo copies can be obtained at your county Agricultural Stabilization & Conservation Service office (ASCS). An appointment to visit the property will be setup once the Service Forester receives the completed forms, a copy of your tax bill and three aerial photos. The Service Forester will review the property with you to determine if it qualifies. If the property qualifies, a Forest Stewardship Management Plan will be created and the \$50 non-refundable application fee will be collected.

Severance or Yield Tax:

The state of Ohio does not have a severance or yield tax on timber or timber products.

